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7 UNITED STATES BANKRUPTCY COURT
8 NORTHERN DISTRICT OF CALIFORNIA

9 IN RE: CASE No. 17-10828 WJL
10 FLOYD E. SQUIRES, III and CHAPTER 11
11 BETTY J. SQUIRES,

12 Debtors. / REPLY TO OPPOSITION TO
13 MOTION FOR SANCTIONS
14 [Claim No. 57]

15 Date: March 27, 2019
16 Time: 10:30 a.m.
17 Place: 1300 Clay St., Rm. 220
18 Oakland, CA

19 FLOYD E. SQUIRES III and BETTY J. SQUIRES, Debtors herein, by
20 and through counsel, reply to the Opposition of Mark Adams and
21 California Receivership Group's Opposition to Motion for Sanctions
22 as follows:

23 1. A MOTION FOR SANCTIONS IS NOT A TACTIC BUT A REMEDY. The
24 Claimants were compelled by Order of this Court to produce the
25 documents requested in Requests for Production Sets 3 and 4.

26 a. Not relevant to the within Motion are Requests for
27 Production Sets 5 and 6 which merely requested the electronic
28 version of the documents together with the metadata relating to the
requested documents. The ONLY reason the metadata was requested is
that counsel for Claimant inferred in open Court in one of his *ex*
parte speaking motions that he was changing his position as to the
terms of assignment of the Receiver Certificates. To date, the
Claimants contend that there are no documents to produce other than

1 the Assignment of the Deed of Trust. Dependent upon the documents
2 produced, there may be no documents prepared by the Claimants
3 containing metadata.

4 b. This Court entered its Order Compelling Production of
5 all documents requested in Sets Nos. 3 and 4 without exception.
6 Claimants seized the opportunity to interpose further objections to
7 production.

8 c. Essentially, the Claimants did another document dump
9 producing duplicates of what had been previously produced and not
10 responsive to Sets Nos. 3 and 4. Documents produced were not
11 produced as requested or maintained forcing review of duplicates to
12 ascertain there were two pages responsive which were produced. None
13 of the communications ordered to be produced were produced.

14 2. DOCUMENTS REQUESTED ARE DIRECTLY RELEVANT TO THE OBJECTION
15 TO THE CLAIM.

16 a. Claimants stated that they had no documents to
17 produce pertaining to registration of the corporate entity,
18 California Receivership Group, with the State Bar of California.
19 That was not surprising as its corporate charter limits the
20 corporation from engaging in the practice of law.

21 b. Claimants produced an Assignment of the Deed of Trust
22 which secures Receivership Certificates Nos. 1 and 2. That
23 assignment is represented as the assignment document assigning the
24 Certificates. The assignment purports to assign all right, title
25 and interest. Claimants also produced a reconveyance of the
26 assigned Deed of Trust executed by the assignees.

27 c. A receiver certificate is a chose in action and is
28 freely assignable by its owner.

1 d. One of the fundamental incidents of ownership is the
2 right to transfer. Essex Ins. Co. v. Five Star Dye House, Inc.
3 (2006) 38 Cal.4th 1252, 1259, 45 Cal.Rptr.3d 362, 137 P.3d 192.

4 e. Absent evidence of contrary intent, the assignment
5 vests in the assignee the assigned contract or chose and all rights
6 and remedies incidental thereto. National R. Co. v. Metropolitan T.
7 Co. (1941) 17 Cal.2d 827, 832-833, 112 P.2d 598. The intention of
8 the parties as manifested in the instrument is controlling. See,
9 National R. Co. v. Metropolitan T. Co., supra, 832.

10 f. Debtors requested production of all documents
11 pertaining to sale, hypothecation or assignment of the receiver
12 certificates. Invoices produced clearly indicate emails and other
13 communications with Gerald Feldman, a principle of G&G Capital LLC,
14 one of the assignees as well as other individuals concerning the
15 assignment. Following assignment, the Claimant's counsel became
16 aggressive in an effort to have its attorney, Bryon Moldo, later
17 appearing before this Court as counsel for Scott Pesch, nominee for
18 Examiner, appointed receiver in aid of execution to execute on
19 properties of the Squires. Scott Pesch, the City's nominee for
20 Examiner, had prepared BPOs for CRG's assignee. Oddly, none of
21 those obviously disqualifying connections were disclosed to the
22 Court by Mr. Pesch, Mr. Moldo, the City or CRG, or counsel.

23 g. Claimant, CRG, which employs Andrew Adams as in house
24 counsel is not licensed to provide legal services to the third party
25 assignees of the Certificates. The corporate charter does not allow
26 it to practice law. The fees claimed for collection of the
27 certificates assigned to third parties are not recoverable absent
28 more from the Claimant. Debtors are entitled to discover the facts

1 and review the documentation.

2 3. CLAIM NO. 57 IS FILED UNDER SIGNATURE AFFIXED UNDER
3 PENALTY OF PERJURY. The Claim does not, in the Claim itself or the
4 unsworn attachment, disclose the fact that CRG and Adams had
5 assigned the claim to third parties and making the claim on behalf
6 of such assignees. The Assignment of the Deed of Trust was recorded
7 in April, 2017. Claim No. 57 was filed in March, 2018.

8 4. CLAIMANTS FAILED TO PRODUCE A SINGLE COMMUNICATION
9 REQUESTED despite the Order Compelling Production.

10 a. Requests Nos. 11 through 17 requested communication
11 with the City of Eureka, agents and employees throughout both the
12 brief term of Adams reign as receiver and thereafter.

13 b. The requested communications were ordered to be
14 produced but were not. The Order does not provide for another run
15 at an objection, general or specific.

16 c. The communications are relevant to the activities CRG
17 and Adams were engaged in to deprive the Debtors of their property
18 without due process of law. The audacity to invoice the Debtors for
19 attorneys fees in connection with collection of the receiver
20 certificates incurred by the assignees is beyond belief. Time
21 records produced do not relate exclusively or primarily to efforts
22 to collect the receiver certificates which did not even belong to
23 CRG or Adams.

24 5. CRG'S *SPEAKING MOTION FOR RELIEF FROM STAY IS NOT*
25 *RELEVANT*. CRG and Adams made their Motion for Relief from Stay
26 August 20, 2018 and withdrew the motion October 3, 2018.

27 a. The Order Compelling Production of documents Sets
28 Nos. 3 and 4 is causing the Claimants some angst for good reason.

The Motion is nothing more than a ploy to extricate themselves from the Order Compelling Production and avoid producing some potentially revealing documents.

b. It is no coincidence that the City is similarly circumventing a similar Request for Production. Upon a fair production of the documents compelled to be produced, a stipulation for relief from stay might be appropriate. A Motion for Relief from Stay is not a proper means to circumvent an Order Compelling Production. The Motion for Relief requests relief to have any further fees secured by a Deed of Trust against the Squires properties.

c. The Examiner in her zeal to *settle* failed to obtain a copy of the assignment of the receiver certificates which CRG now says does not exist. The Examiner knew the Deed of Trust had been assigned. Separation of the debt instrument from the security interest has consequences.

WHEREFORE, Debtors pray that their Motion for Sanctions be granted, that Claimants be required to produce all documents pertaining to assignment of the certificates, all communications with the City, for attorneys fees and costs and for such other and further relief as the Court deems just and proper.

Dated: 3/20/19

DAVID N. CHANDLER, p.c.

By: /s/ David N. Chandler

DAVID N. CHANDLER,
Attorney for Debtors